C3975-1
3122189

MARCH 1989

FOREST INDUSTRIES

PLYWOOD/FORESTRY/LUMBER/PANELS

C900391755
SERVICE INC/STATIS REF IA
CONGRESSIONAL INFORMATION
4520 EAST-WEST HWY STE 800 STA
BETHESDA MD 20814
07-17-89
015

SHOW DIGEST

Lumber Processing Update

1989 Volume 116 Number 3

MARCH

Lumber Processing Update

11
Edger optimization vital to hardwood mill upgrade
Optimizing moves into the hardwood industry as Martco Partnership, LeMoyen, La., achieves a 40% production gain from a 20% capital investment increase. Edger optimizer is first of its kind in hardwood

16
New sensor technology for headrig scanning
Fixed point laser triangulation sensor systems measure log diameter profiles at high speed without influence from ambient light or variations in surface reflection

20
How to estimate impact of target set changes
Reducing target set has the same effect on recovery as increasing log diameter. New computer software makes it simple to improve recovery in planning sawmill improvements

29
Small sawmill geared to resource, markets
Partners draw on forestry background in sizing sawmill to match the supply of high-grade timber. Unusual narrow-kerf horizontal bandmill at Willits Redwood Co., Willits, Calif., cuts with precision

SHOW DIGEST

39
SHOW DIGEST: 1989 FI Clinic and Machinery Show
Special section highlights processing machinery on display at the 17th annual FOREST INDUSTRIES Clinic and Machinery Show held March 1-3 in Portland, Ore.

Woods

33
Crisis looming in western timber supply
Preservationists are escalating activities to block public timber sales while federal agencies propose timber sale reductions in new land use plans. Log shortages and mill closures result

36
Mobile debarkers help produce clean chips
Loss of fuelwood market and tighter quality requirements left Shepherd Bros. Logging, Irwinton, Ga., with the need to upgrade woods chipping operations. Chain flails were the answer

Departments

7
Industry News

62
Making Equipment Pay

70
Supplier News

74
Books, Bulletins

77
Newsmakers

78
Meetings

IN WIDMAN FORECAST

After two-year slump, market strength seen

VANCOUVER, B.C.—The forest industry in the United States and Canada will have to weather a period of reduced demand this year and next, but a new upward economic cycle should get underway in 1991. This is the projection contained in *Markets '89-93: The Outlook for North American Forest Products*, just off press.

The detailed forecast is published annually by Widman Management Ltd., this year in cooperation with FOREST INDUSTRIES, which is marketing and distributing the 222-page volume on a worldwide basis.

North American lumber consumption should decline by about 5% in 1989 and a further 7% in 1990, according to the forecast. Wood-based panel production and prices will be depressed this year and next, but will recover as the housing market strengthens in 1991-93.

Lumber exports to offshore markets, Asia in particular, should remain at good levels.

Information concerning the report is available from Widman Management Ltd. at (604) 669-5635 or FOREST INDUSTRIES at (415) 995-2408. ■

U.S. forest industry results, fourth quarter, full year 1988 ($ millions)

Company	Fourth quarter				Full year 1988			
	Sales	% chg	Ernge[1]	% chg	Sales	% chg	Ernge[1]	% chg
Boise Cascade	1,024.8	6.1	76.5	33.6	4,094.6	7.2	289.1	58.0
Champion Int'l	1,314.4	13.6	119.9	46.0	5,100.0	16.7	456.0	19.4
Chesapeake Corp.	176.9	6.7	15.4	1.4	711.3	5.3	51.5	70.7
Federal Paper Bd[2]	368.7	16.2	57.9	130.3	1,116.9	8.9	143.3	93.7
Georgia-Pacific[3]	2.567.0	15.2	129.0	15.2	9,509.0	10.5	467.9	2.0
Gt Nor Nekoosa	950.0	21.4	86.0	51.7	3,588.1	38.6	341.7	70.3
Int'l Paper	2,500.0	25.0	206.0	64.8	9,500.0	21.8	754.0	85.3
Louisiana-Pacific[4]	448.3	7.7	31.1	3.3	1,799.4	8.8	135.2	13.8
Pope & Talbot	142.0	33.0	8.6	20.3	515.0	20.9	31.9	13.6
Potlatch	285.4	12.9	33.0	32.5	1,084.0	9.3	112.4	28.3
Temple-Inland	421.0	5.8	43.3	28.5	1,750.0	9.4	195.0	37.9
Union Camp[5]	685.6	9.4	78.5	33.1	2,660.9	12.7	295.1	42.3
Westvaco (11/31)	567.0	9.0	65.6	11.0	2,133.9	12.1	200.4	37.1
Weyerhaeuser[6]	2,560.0	8.9	154.9	19.7	10,000.0	13.3	564.4	26.4
Willamette Ind	445.7	17.4	39.4	2.0	1,716.0	19.9	161.1	32.8

1. Income after taxes, from continuing operations, excluding most significant nonrecurring items in both years. 2. Fourth-quarter and year earnings include one-time pretax gain of $7.2 million from prior-year tax settlement and net effect of facilities restructuring program. 3. Net earnings include petax gain of $66 million from liquidation of investments. 4. Restated from both years to reflect spinoff of Fibreboard Corp. in June 1988. 5. 1987 results restated to reflect consolidation of real estate subsidiaries. 6. Fourth-quarter and year results reflect consolidation costs.

PINES TO NEWCASTLE

P&T expands capacity in Black Hills region

PORTLAND, ORE.—Pope & Talbot Inc. has acquired a ponderosa pine sawmill in Newcastle, Wyo., with purchase of Cambria Forest Products Inc.

The mill employs 60 people and produces about 25 million bd ft annually of ponderosa pine lumber in framing and finishing dimensions. In the northeastern corner of the state, it is situated about 70 mi from P&T's sawmill in Spearfish, S.D.

Laminating facility purchased

Columbia Forest Products Inc., headquartered in Portland, Ore., has purchased a panel laminating and remanufacturing plant in Thomasville, N.C., from Weyerhaeuser Co.

In addition to laminating stock panel sizes, the Thomasville plant has the capability to remanufacture panels into furniture and cabinet components. ■

EARNINGS UP

Solid-wood weakness offset by pulp, paper

SAN FRANCISCO, CALIF.—Carried by strength in pulp and paper markets, integrated forest products corporations posted significant earnings increases in the fourth quarter of 1988 and in the full year, compared with 1987.

High pulp and paper industry profits reflected strong demand that resulted in full capacity operation and price increases in most grade segments during 1988, observed the newsletter *Pulp & Paper Week*.

Where separate solid-wood figures were reported, the picture was less rosy.

Operating income for Boise Cascade Corp.'s building products segment in 1988, at $54.2 million, was 56% that of the 1987 figure.

Earnings for Potlatch Corp.'s wood products group collapsed to $3.2 million in 1988 from $31 million in 1987, due in part to prolonged startup of the company's new Lewiston, Idaho, sawmill.

Louisiana-Pacific Corp. reported operating profit of $166.9 million from building products, 22% below 1987.

Georgia-Pacific Corp. building products earnings in 1988 were $428 million, down 20%. Chairman and CEO T. Marshall Hahn Jr. described 1988 as "a good year for the building products segment." and foresees "strong home improvement and industrial markets and growing export opportunities." ■

TO EACH A TASK

Fletcher consolidates two Canadian plymills

NEW WESTMINSTER, B.C.—Fletcher Challenge Canada Ltd. has taken its first major step toward rationalizing operations acquired through the merger of British Columbia Forest Products Ltd. and Crown Forest Industries Ltd. last September.

By April 30, the former BCFP Delta Plywood Division plant and the ex-Crown Fraser Mills plywood plant will be consolidated. The Delta mill will produce plywood while Fraser Mills will focus on value-added veneer and overlay products.

The combined work force of 410 will be reduced by 115.

Chip mill to be built

Plans to build a chip mill adjacent to the Jasper Sawmill at Jasper, Ala., have been announced by Southeast Wood-Jasper Sawmill Inc. The mill will produce 300,000 tons per year on a one-shift basis. ■

A 'major economic disaster' is developing in forest-dependent communities as mills are forced to close or curtail production due to log shortages

Crisis looming in western timber supply

By Michael D. Sullivan

THE TIMBER SUPPLY PROBLEM which has been building in the western U.S. over the past decade has reached crisis proportions. It now seems certain that nothing short of congressional action will resolve the issues.

The current crisis stems from two concurrent events. First, the environmental movement is escalating its administrative and legal initiatives to block public timber sales. Appeals and litigation of federal timber sales are tightening supply in many parts of the West, driving up the price of raw material and causing mill closures and production curtailments in many areas.

Second, federal agencies, especially the U.S. Forest Service, are adding to uncertainty over future timber supplies with the preparation of their new 10-year land-use plans for the national forests. Reductions are proposed in almost every region (Fig. 1).

The real and prospective reductions in timber availability are starting to take their toll on an industry which should be enjoying reasonable prosperity. Domestic wood demand remains high, and producers are beginning to see the fruits of their efforts to modernize and diversify markets.

Yet mills continue to close and curtail production for lack of raw material. In western Oregon, timber supply has dropped to a point where 17 mills have been forced to close in recent weeks.

A recent survey of 100 western companies by National Forest Products Assn. found half reporting difficulty in getting logs to keep mills operating. Appeals or lawsuits were the reason.

A "major economic disaster" is shaping up in forest-dependent communities, says NFPA. More than 900 employees have already been laid off in the three West Coast states; 45% of the firms expect closures and curtailments in 1989 due to log shortages. If survey trends continue, more than 16,000 employees will be out of work in three West Coast states by the end of 1989.

The Forest Service acknowledges that almost two billion bd ft of national forest timber in Oregon, Washington and California has been appealed or litigated during the past three years. This includes 52 sales, containing 426 million bd ft, that are being held off the market.

In Region Six, federal timber under contract has fallen to record low levels. In western Oregon, where an injunction on BLM timber sales has reduced timber sales significantly, timber under contract has dropped 19% in the last 15 months. Some mills are operating with two weeks of log inventory.

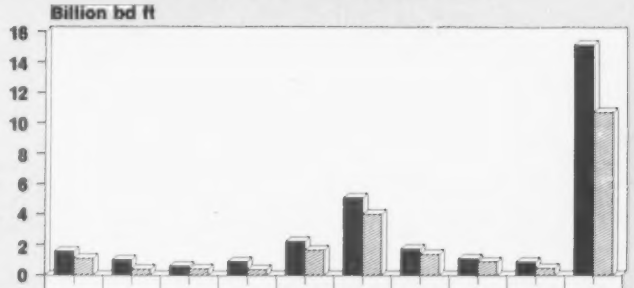
There is no question that this is the result of a sophisticated, well-organized campaign extending from rural communities to Congress. It reflects a careful strategy in which national environmental groups—the Wilderness Society, Audubon Society and Sierra Club—and local affiliates are employing local administrative and legal initiatives to build sweeping legal precedents.

Appeals and litigation to stop impiementation of the new land-use plans for the national forests can be expected to accelerate as new plans are finalized in Region Six, where major controversies are erupting over the preservation of so-called "ancient forests."

Region Six seems to be the battleground chosen by the major national environmental groups. They have set the goal of locking up two million acres in the region within the next five years.

The largest timber producer in the national forest system, Region Six has been the focus of attempts by local, regional and national environmental groups, often working together simultaneously on several fronts, to file multiple appeals in attempts to obstruct timber sales. The appeals generally claim the USFS has not followed the procedures specified by the National Environmental Policy Act of 1969 and the National Forest Management Act of 1976. These

Fig. 1—National Forest Regions: current potential yield vs. NFMA plans



	I	II	III	IV	V	VI	VIII	IX	X	All
Current potential yield	1.57	1.03	0.62	0.91	2.23	5.08	1.73	1.1	0.88	15.15
Proposed plan	1.12	0.42	0.44	0.39	1.66	4.02	1.39	0.9	0.47	10.74

National Forest Regions

Current potential yield Proposed plan

Data from U.S. Forest Service

TABLE 1—Timber industry poll on mill closures and curtailments due to appeals and litigation of federal timber sales

	Oregon	Washington	California	Total/Avg.
No. companies experiencing supply, operational, or production curtailments	19	23	6	48
No. of employees laid off	300	464	145	909
More layoffs expected (1989)	492	1730	0	2,222
Layoffs expected (beyond 1989)	5,170	2,807	5,803	13,780
Total employees now	18,432	7,362	13,523	39,317
Have contingent supply (%)	57	46	55	52.0
Amount of volume left (months)	12	7	14	11
Plan to withhold new investments (no. companies)	20	25	10	55
Amount of investment $ being withheld ($ millions)	47.75	16.9	82.0	146.65
No. of companies in survey	46	40	20	106

SOURCE: NFPA

appeals often lack merit and are later dismissed, but delay timber sales and prevent development of lands scheduled for timber management.

Last year, the Oregon Natural Resources Council and its local affiliates filed nearly 300 appeals on national forest timber sales in Region Six. Many were filed on pre-prepared forms with only the name of the timber sale left blank. Some of the appeals were on sales which were either in progress or had been completed and closed. Ultimately, all but a handful were dismissed.

While Region Six has generated more heated and precedent-setting legal action than any national forest region, all regions in the national forest system have been affected by the campaign.

On the West Coast, wildlife issues are often the focus. The infamous northern spotted owl is the basis for much of the action. The Ninth Circuit Court of Appeals recently lifted an injunction which last May stopped the sale of nearly half a billion bd ft of timber on Bureau of Land Management land in western Oregon. The injunction resulted from an appeals court ruling on a suit brought by the Audubon Society and others challenging environmental procedures for protecting the owl's habitat.

Issues in the Intermountain states include below-cost timber sales. Like their counterparts to the West, preservationists in Idaho, Montana and Wyoming have as their fundamental goal the elimination of timber management and harvest on undeveloped public lands.

Hopes that completed forest plans might reduce the conflict and legal barrage have evaporated, and even officials in the Forest Service now acknowledge that the plans will resolve few, if any, of the issues. A potentially precedent-setting suit has now been filed on the final plan for the Idaho Panhandle National Forest. The suit seeks an injunction against all proposed timber sales in roadless lands. In essence, the plaintiffs are challenging the implementation of the plan, arguing that it lacks sufficient site-specific information. A victory on such grounds would raise the frightening prospect of individual, multi-volume environmental impact statements for each timber sale.

In the past decade, the Forest Service and BLM have been called upon to defend their actions in court many times in the West. Interestingly enough, the courts have issued no decision which has challenged agency judgment on substantive environmental issues. In nearly every instance, environmental litigants have won on procedural issues only.

More often than not, however, that's been sufficient to delay or deter management activities.

For the most part, court officials find the situation as unsavory as the agencies and the industry.

Congress has been called upon increasingly to release agencies from management issues tied up in the courts. Congress has included special language in the Interior Appropriations bill for the past four years to maintain the timber sale program on the Mapleton Ranger District of the Siuslaw National Forest in western Oregon. The sale program there has been enjoined as the result of the 1984 suit by the National Wildlife Federation until the new forest plan is completed.

In addition, Congress has included special report language in the past two Interior Appropriations bills designed to limit judicial review of agency actions on certain grounds.

Last year, in the wake of disastrous forest fires in southern Oregon and northern California, Congress used the Interior Appropriations bill to prevent lengthy litigation over salvage and rehabilitation of the burned-over lands. But piecemeal resolution of environmental issues is wearing thin, and members of the western congressional delegation say they are exasperated by the misuse of the administrative appeals process. While the Forest Service recently modified the process to streamline and expedite handling of appeals, it seems impossible to eliminate abuse of the system without rendering it impotent.

No modification of the administrative appeals process will take the courts out of the picture, however, and the national forest plans that are already completed or nearing completion are fertile territory for environmental litigation.

It is becoming increasingly apparent that Congressional action will be necessary if long and costly litigation over the forest plans is to be avoided. Unfortunately, only a handful of western senators and congressmen understand the issues and the magnitude of the problem.

Marshalled in the other camp are the giants of the environmental movement, armed with multi-million-dollar budgets and legions of legal and political experts. Their constituencies are well-organized and motivated by slickly prepared and effectively distributed propaganda. They can easily be mobilized to leverage the congressmen from rural Maine to urban Los Angeles.

The battle that is about to be joined in the Congress will set the course for management of America's public lands for the next decade and perhaps the next century. Much is at stake, including the fate of many companies in the industry that rely primarily or exclusively on public lands for their raw material. The fate of their employees and the communities in which they operate also will hang in the balance.

Industry must move now to inform its natural constituents and allies of the impending confrontation. Far too few of its employees understand what is at stake, and little effort has been made to make suppliers aware of their stake in the outcome. Most important, wood consumers across the country must also be advised of their interests.

In an industry as fractionated, diverse and competitive as the forest products industry, it is difficult to rally all interests to a single cause. But there never was a time when it was more important to do so. ■

THE AUTHOR is communications manager, Northwest Region, Potlatch Corp., Lewiston, Idaho, and former vice president/communications of Northwest Forestry Assn., Portland, Ore.

FOREST INDUSTRIES

Combining *The Timberman* and *The Lumberman*

PUBLISHING / SALES HEADQUARTERS

SAN FRANCISCO, CALIFORNIA 94105
500 Howard St., (415) 397-1881
Telex: 278273 Cable: Miltreepub
Leigh M. Freeman, Publishing Director
Leonard E. Haas, Group Publisher
Wm. D. Ragus, Director of Circulation
Andrew A. Mickus, Director of Production
Gwen M. Kibbe, Ad Production Coordinator

REGIONAL SALES OFFICES

SAN FRANCISCO, CALIFORNIA 94105
500 Howard St.
(415) 397-1881
Telex: 278273 Fax: (415) 543-0256
William Little, Western Sales Manager
Jan Curcio, Assistant Regional Sales Manager

CHICAGO, ILLINOIS 60601
55 E. Wacker Dr., (312) 372-6236
Bernice Bethe, Sales Assistant

ATLANTA, GEORGIA 30339
2700 Cumberland Parkway, N.W. Suite 530
(404) 432-3186 Fax: (404) 432-7834
Jay E. Schlosser, Southern Sales Manager
Mary Anne Thompson, Sales Assistant

LONDON, ENGLAND
Lansdowne Media Services Ltd.
Lansdowne House, 12 Church St.
Rickmansworth, Hertfordshire, UK WD3 1BS
Telephone: 0923-777711
Telex: 28784 LMS LTD G Fax: 0923-721103
David M. Lansdowne
Melissa Thomas, Sales Assistant

B-1160 BRUSSELS, BELGIUM
BWE Media Services
196 Avenue Winston Churchill, Boîte 4
Telephone: (02) 347-31-37
Telex: 63546 BWE B Fax: (02) 347-32-06
Brian W. Bussey
Wanda E. Schaar

D-4630 BOCHUM 6, FED. REP. GERMANY
Postfach 600 264
Telephone: 2327-88609 Telex: 820468 EDH
Fax: 2327-89257
Ernst Dieter Hartmann

TOKYO, JAPAN
Orient Echo Inc.
1101 Grand Maison Shimomiyabi-cho 8
Shinjuku-ku, Tokyo 162 Japan
Telephone/Fax: (03) 235-5961 Telex: J33376
Masahiko Yoshikawa

ADVERTISING: Complete offset negatives and inserts should be sent to FOREST INDUSTRIES, c/o American Press Div., Combined Communications Services Inc., 5601 Paris Rd., Columbia, Mo. 65202. Copy and art for publication-set ads, all insertion orders and special instructions should be sent to the publishing office: 500 Howard Street, San Francisco, Calif. 94105.

*COPYRIGHT 1989 by Miller Freeman Publications Inc. All rights reserved. Contents may not be reproduced without permission. *Forest Industries, The Timberman, The Lumberman, National Timber Industry, Western Timber Industry* and *Industrial Wood Energy* are trademarks of Miller Freeman Publications Inc.

MILLER FREEMAN publications

Chairman of the Board: Clifford D. Jakes; President: Marshall W. Freeman; Vice Presidents: Charles C. Baake, Charles H. Bentz, Leigh M. Freeman, Leonard E. Haas, Barbara M. Hampson, Thomas L. Kemp, and Wm. D. Ragus; Chief Financial Officer: Stephen A. Daniels; Treasurer: Miller Freeman III; Assistant Treasurer: Douglas M. Denny.

ADVERTISING INDEX

To obtain more information on advertised products in this issue, circle the corresponding number on the Reader Service Card facing page 64 in this issue.

	Page No.	Reader Service No.
Applied Theory Inc.	Cov2	201
Armstrong Manufacturing Co.	75	241
Atlanta Engineering	80	
Automation Research Technology (ARTEC)	73, 80	239
Barko Hydraulics	25	214
Bonney, Turner & Harris Inc.	80	
CAE Machinery Ltd.	W1	248
Calvert Manufacturing	ES1	250
Carter Products Co. Inc.	75	242
Cascade Southern Saw Corp.	8	208
Caterpillar Inc.	19	211
Chaston Industrial Saw	57	230
Cooper Bearings	W2	249
Corley Manufacturing	48	225
Deere & Co.	4-5, Cov3	206, 202
Groupe Denis	35	219
Directory of the Forest Products Industry	76	243
Drying Technology, ICN	70	236
Dubal, Beck, Harris & Associates	80	
Elmia AB	24	213
Expo, Forest Products Machinery & Equipment	71	237
Forest Industries 1988-89 North American Factbook	74	253
Forest Products Engineering	80	
Fuel Harvesters Equipment	ES2	252
Fulghum Industries Inc.	ES2	251
General Kinematics	53	228
Hallco Manufacturing Co. Inc.	78	246
Hampton Power Products	68-69	235
Hannaco Knives & Saws	50	226
Harris Group Inc.	80	
HCMA Consulting Group Inc.	80	
R.J. Hill Engineering	80	
INOVEC	47	224
International Trade Consultants	80	
Irvington-Moore	23, 28	212, 217
IRU	80	
Keith Manufacturing Co.	Cov4	203
Kenwood U.S.A. Corp./Land Mobile Radio Sales	15	210
KHA Engineering	80	
E.J. Krause & Associates Inc./China Forest '89	79	247
Lignomat USA Ltd.	38	220
Lucidyne Technologies Inc.	55	227
Lumber Systems Inc.	27	216
Manitowoc Debarking Systems	6	207
Mater Engineering Ltd.	80	
Mid-South Engineering Co.	80	
McDonough Manufacturing	72	238
Montgomery Industries International	77	245
Nicholson Manufacturing	40	221
The Pacific Logging Congress	67	234
Pacific Scale Co.	77	244
Pacific/Hoe Saw & Knife Co.	1	204
Pease & Beadling Engineers Inc.	80	
The Douglas Reiter Co.	80	
Rexnord Inc., Mechanical Power Division	32, 63	218, 233
S.A.S. Fluid Power	58	240
Schurman Machine	10	209
Search North America	80	
Secondary Wood Products Manufacturing Directory	56	229
Simons-Eastern	80	
Spare Parts Manufacturers Inc.	26	215
U.S. Borax	61	231
Valon Kone Canada Ltd.	60	232
Wagner Electronic Products	43	222
Webster Industries Inc.	44	223
Wood Machining Institute	80	

The index on this page is provided as a service to readers. The publisher does not assume any liability for errors or omissions.